

July 19, 1999

TO: Potential Respondents

FROM: Linda Arnold, Department of Retirement Systems
Request for Proposals (RFP) Coordinator

SUBJECT: RFP to Procure Consulting Services

Enclosed is the Washington State Department of Retirement Systems (DRS) Request for Proposals (RFP) to obtain one or more firm(s) to conduct a Transfer Education Program for the Washington School Employees' Retirement System (SERS). We encourage you to submit a proposal.

All classified employees of school districts and educational service districts who are members of Public Employees' Retirement System Plan 2 will automatically be transferred to SERS Plan 2 on September 1, 2000. All SERS Plan 2 employees will have the option of transferring to SERS Plan 3. SERS Plan 3, to be implemented September 1, 2000, is an Internal Revenue Code Section 401(a) plan, with combination defined benefit/defined contribution components. The transfer education firm selected will provide customized educational services to assist SERS Plan 2 members with the decision to transfer to Plan 3 or remain in Plan 2.

Please see section 4.2 of the enclosed RFP for additional information regarding the timeline for submitting proposals. If you have any questions, please submit them in writing to the RFP Coordinator:

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STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
OLYMPIA, WASHINGTON

REQUEST FOR PROPOSALS

RFP NO. 99-39

PROJECT TITLE: **TRANSFER EDUCATION PROGRAM SERVICES
FOR SCHOOL EMPLOYEES' RETIREMENT
SYSTEM**

PROPOSAL DUE DATE: **August 17, 1999**

**EXPECTED TIME PERIOD
FOR CONTRACT:** **October 15, 1999 to March 31, 2001**

CONSULTANT ELIGIBILITY: This procurement is open to those companies who satisfy the minimum qualifications stated herein and who are available for work in Washington State.

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EXHIBITS

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS

REQUEST FOR PROPOSALS 99-39

**TRANSFER EDUCATION PROGRAM SERVICES FOR
SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

1. INTRODUCTION

1.1 BACKGROUND

Current Plans

The Washington State Department of Retirement Systems (DRS) is a state agency created by the 1976 Washington State Legislature. The enabling legislation is found in Chapter 41.50 Revised Code of Washington (RCW). DRS currently administers the state's six public sector retirement systems with ten separate plans. The retirement systems and plans are Public Employees' Retirement System (PERS) Plan 1 and Plan 2; Teachers' Retirement System (TRS) Plan 1, Plan 2, and Plan 3; Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 and Plan 2; the Washington State Patrol Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. All are defined benefit plans, with the exception of TRS Plan 3, which is a dual hybrid defined benefit/defined contribution plan.

TRS Plan 3 was created in 1995 by the Washington State Legislature and implemented in July 1996. TRS Plan 3 is the State's first dual hybrid plan consisting of both defined benefit and defined contribution components. TRS Plan 3 provides two investment choices for members: a pre-determined menu of self-directed investments, and a "default" option, the Total Allocation Portfolio (TAP), with the Washington State Investment Board.

New Plan

In 1998, the Legislature created a new retirement system for classified school employees, the School Employees' Retirement System (SERS). SERS will consist of a Plan 2 and a Plan 3. SERS Plan 2 will be a defined benefit plan; SERS Plan 3 will be a dual hybrid plan, consisting of both defined contribution and defined benefit components similar to TRS Plan 3. The defined benefit portion will be funded by employer contributions, and the defined contribution portion will be funded by employee contributions. The intent of the Legislature in creating SERS was to provide similar benefits to all school employees.

Currently all classified employees of school districts and educational service districts (ESD) are members of PERS Plan 1 and Plan 2. All classified employees of school districts and ESDs first hired on or after September 1, 2000, will be members of SERS Plan 3. Classified employees who are members of PERS Plan 2 will automatically be transferred to SERS Plan 2 on September 1, 2000. School district PERS Plan 2 active members numbered 43,734 as of June 30, 1998. SERS Plan 2 employees will have the option to transfer past employee contributions and accrued interest to SERS Plan 3 as described in more detail below. **SERS Plan 2 members who elect to transfer during the initial transfer window of September 1, 2000, to February 28, 2001, will receive a transfer payment equal to 65 percent (percentage subject to change) of their contributions as of January 1, 2000.**

1.2 PURPOSE

DRS is seeking to retain a qualified firm to conduct a Transfer Education Program to assist SERS Plan 2 members with the decision of whether to transfer to SERS Plan 3 or remain in Plan 2. The vendor chosen for the Transfer Education Program will be required to provide a variety of educational services customized for SERS Plan 2 members, including group and individual planning sessions, published planning materials for distribution to all SERS Plan 2 members, a 10 to 15 minute video, and automated financial modeling tools. Work associated with this effort is limited to provision of the education and information necessary to address **only** the transfer decision.

1.3 PERIOD OF PERFORMANCE

The period of performance of the contract to provide transfer education services for SERS Plan 2 members, resulting from this RFP, is tentatively scheduled for October 1999 through March 2001, with DRS having the option to extend the contract up to six (6) months, subject to legislative approval.

1.4 BID REQUIREMENTS

Disclosure

If the Respondent will sub-contract for the development and/or provision of any portion of services, that must be disclosed in the bid. DRS retains the right to review and approve any and all sub-contractors. Disclosure must include identification of the positions, their responsibilities, and how the Respondent will monitor the sub-contractors to ensure contract and service level compliance.

1.5 DEFINITIONS

- **“Respondent”** shall mean an entity intending to submit or submitting a proposal for the project.
- **“Apparently Successful Respondent(s)”** shall mean the Respondent(s) selected by Department of Retirement Systems (DRS) as the most qualified entity to perform the stated services.
- **“Director”** shall mean the agency employee authorized by RCW 41.50.020 who serves as the executive and administrative head of DRS.
- **“RFP”** shall mean this Request for Proposals, any addendum or erratum thereto, Respondents’ written questions and the respective answers, and any related correspondence that is: (1) addressed to all Respondents and (2) signed by the Director, Deputy Director, their designee, or the RFP Coordinator.
- **“DRS”** shall mean the Washington State Department of Retirement Systems as described in Chapter 41.50 RCW.
- **“WSIB”** shall mean the Washington State Investment Board.
- **“SERS”** shall mean Washington State School Employees’ Retirement System.
- **“TRS”** shall mean the Washington State Teachers’ Retirement System.
- **“PERS”** shall mean Washington State Public Employees’ Retirement System.
- **“ESD”** shall mean educational service district.
- **“PSE”** shall mean Public School Employees of Washington, an organization representing classified school and educational service district employees.
- **“WEA”** shall mean Washington Education Association, an organization representing classified and certificated school and educational service district employees.
- **“OSA”** shall mean the Office of the State Actuary of Washington.
- **“ERBB”** shall mean Washington State Department of Retirement Systems Employee Retirement Benefits Board, which determines defined contribution

rate options for TRS and SERS Plan 3 and provides advice to WSIB on investment options.

- **“ICMA RC”** shall mean ICMA Retirement Corporation, current record keeper for TRS Plan 3.
- **“ADA”** shall mean the Americans with Disabilities Act.

Contract definitions are provided on page one of the Sample Contract, which is Exhibit B of this RFP.

1.6 TRS/SERS PLAN 3 DEFINED CONTRIBUTION SUMMARY

The provisions of the defined contribution portion of TRS Plan 3 are summarized below. As mentioned, it is expected that SERS Plan 3 will be similar, subject to approval by the ERBB. Additional information can be found in the *Teachers' Retirement System Plan 3 Member Handbook*, Exhibit C of this RFP.

Plan 3 Defined Contribution Summary

Type of Plan	401(a) – dual hybrid plan with defined benefit and defined contribution components
Participant Contributions	Mandatory – Percentage of pay, 6 rate schedules, some vary based on age
Deposit Frequency	Up to daily
Participant Investment Direction	Yes
Investment Options <i>Note: While no immediate changes are expected to be made to the current self-directed investment program fund lineup, it is possible that current fund options might increase to a maximum of 15 options. The lineup could be expanded to include up to three (3) age- or retirement-date related pre-mixed portfolio funds. No significant changes are expected to be made to TAP.</i>	1. WSIB Investment Program made up of Total Allocation Portfolio (TAP) managed by WSIB. 2. Self-Directed Investment Program made up of: a) Bond Market Fund b) U.S. Stock Market Index Fund c) U.S. Large Stock Index Fund d) International Stock Index Fund e) U.S. Small Stock Index Fund f) Money Market Fund Funds are selected by WSIB and managed by State Street Global Advisors. There are also 3 pre-mixed portfolio funds made up of percentages of the funds listed above.
Frequency of Valuation	WSIB Investment Program: monthly valued, approximately 25 to 28 days after month end. Self-Directed Investment Program: daily
Investment Management and Related Fees	WSIB Investment Program: Fee paid by State Self-Directed Investment Program: Disclosed but netted prior to calculation of Net Asset Value (NAV)
In-service Withdrawals	No, not permitted
Loans	Not available, not permitted
Vesting	100% immediate
Participant Statements	Quarterly
Payout Elections	May be deferred until Minimum Retirement Distribution (MRD) date
Rollovers	To other qualified plans and IRAs
Payout Options	TAP: Lump sum payments only Self-Directed: lump sum, installment, annuities
Administrative Structure	Unbundled

For a description of PERS Plan 2, refer to the *Public Employees' Retirement System Plan 2 Member Handbook*, Exhibit D.

1.7 TRANSFER EDUCATION PROCESS

Transfer Window Period

The legislation provides for a six-month transfer window, lasting from September 1, 2000, until February 28, 2001, during which time SERS Plan 2 members who elect to transfer to SERS Plan 3 will be paid an additional amount, currently set at 65 percent, based on the balance in their account as of January 1, 2000.

Transfer Education Period

So that members can begin to make transfer elections when the transfer window opens on September 1, 2000, DRS has established the following Transfer Education timetable.

Activity	Timing
DRS mails first SERS newsletter to members	August 1999
Transfer Education vendor selected	September 15, 1999
Transfer Education vendor contract negotiated	September 15 to 30, 1999
Transfer Education program planning and implementation	October 15* to December 31, 1999
DRS mails second SERS newsletter	December 1999
Vendor begins informational material mailings to members	January 2000
Vendor-developed video and software available	January 2, 2000
Vendor service telephone center and Internet site operational for SERS members to access	January 2, 2000
Seminar schedule published; registration process for seminars available to members	January 2, 2000
Group and individual transfer education sessions	February through June 2000
Transfer window opens	September 1, 2000
Additional Transfer Education sessions held as requested by DRS	September 2000 through February 2001

* See Section 4.6, "Filing Requirement," on page 18.

Eligible Population

As of June 30, 1998, there were 43,734 PERS Plan 2 active members working for 305 school districts and educational service districts (ESD), located in the 39 counties of the State of Washington. All of these active members will be

transferred to SERS Plan 2 and are therefore eligible to elect to transfer to SERS Plan 3. See Exhibit E for number of members by school district and Exhibit F for location of school districts by county.

There is no comprehensive demographic information on the population eligible to transfer to Plan 3; however, major job classifications include:

- educational assistants
- secretarial/clerical
- bus drivers
- custodians
- child nutrition
- professional (e.g., accountants, architects, attorneys, some coaches)
- maintenance
- supervisors
- technical (e.g., computer programmers, purchasing agents, print shop technicians)

The average annual compensation reported to DRS for these classified employees for the 1997-1998 school year is approximately \$17, 537.56. The majority of classified employees are represented by either the Public School Employees (PSE) of Washington or Washington Education Association (WEA) unions.

There is considerable turnover in many positions; 43 percent of potential SERS members have less than five years of service credit (see Exhibit G for breakdown of service credit and age of participants). Currently school district and ESD employees, both classified and certificated, have available to them **voluntary** tax deferral 403(b) opportunities. In general, the classified employees typically participate at a lower rate than the certificated population. There will be a portion of the eligible members for whom English is not their primary language. In addition, there will be a broad range of education levels for classified employees. Additional factors that will affect the Transfer Education program schedule are the varying work schedules of the classified employees and the significant number that work part-time.

2. SCOPE OF SERVICES

As indicated in the implementation timetable, there will be a one-time election period during which all current SERS Plan 2 members will have an opportunity to elect to transfer to SERS Plan 3 and receive a transfer payment. After the first transfer window, there will be an annual transfer opportunity each January, but without the transfer payment. The desired Transfer Education Program must be designed to assist each member in making the irrevocable decision of whether to transfer to SERS Plan 3 or remain in SERS Plan 2. All current members will be given the opportunity to attend a group and/or individual meeting explaining SERS Plan 2 and comparing and contrasting it with SERS Plan 3. The Transfer Education Vendor will be responsible for providing adequate resources to ensure that all members are given comprehensive explanatory materials and the opportunity to attend a group and/or individual meeting, if they desire. The Transfer Education Vendor will also be responsible for ensuring the accuracy and impartiality of all educational services and materials. The Transfer Education Vendor will further be required to adequately disclose all features of both SERS Plan 2 and SERS Plan 3 which are material to the transfer decision.

To accommodate members with disabilities, upon request of the member, materials must be modified and provided in the requested alternative format (e.g., Braille, large print, audio tape, etc.). Additionally, all services and materials provided must be in compliance with the Americans with Disabilities Act (ADA). The Transfer Education Vendor must also be prepared to provide appropriate translations of materials and translators and/or bi-lingual presenters for workshops, as required.

DRS will assist in, review and approve the design and implementation of the Transfer Education campaign. The process and the services expected of the Transfer Education Vendor are outlined below. The respondent's proposal should be based on these services; however, respondents are able to provide alternative approaches.

2.1 DRS MEMBER COMMUNICATION ACTIVITIES

DRS will be responsible for initially notifying SERS Plan 2 members of the transfer opportunity. The initial announcement newsletter is expected to be mailed by DRS to member homes in August 1999. A copy of the announcement newsletter prepared by DRS for the TRS Plan 3 transfer process is Exhibit H of this RFP.

DRS will send additional newsletters to SERS Plan 2 members and employers throughout the Transfer Education process. DRS will also incorporate basic SERS Plan 3 rights and benefits information in its regular workshops and retirement seminars for members. The Transfer Education Vendor will be expected to coordinate with DRS and provide to DRS written copies on all aspects of the Transfer Education campaign being conducted by the Transfer Education Vendor,

including all materials that will be provided to plan members, outlines used by presenters to conduct educational sessions, copies of all audio/visual material used by presenters and how to obtain educational and modeling materials, locations and times of in-person educational sessions and how to access the member transfer support services provided by the Transfer Education Vendor. In addition the Transfer Education Vendor will provide DRS an updated educational seminar schedule on a weekly basis.

2.2 TRANSFER EDUCATION CAMPAIGN

The Transfer Education Vendor will be required to prepare, with the review and approval of DRS, a communication campaign that will ensure that all eligible members are fully educated and informed of all of the differences between SERS Plan 2 and SERS Plan 3 and the consequences of an election to transfer from SERS Plan 2 to SERS Plan 3.

Informational Materials, Transfer Decision Video and Modeling Software

The Transfer Education Vendor will be required to design, print and mail all written materials needed to fully communicate the differences between the plans and the possible effect of a transfer, including the transfer payment, on the member's future retirement benefits. These materials must fully educate members on the benefits and features of SERS Plan 2 and SERS Plan 3 and prepare members for the small group consultations described below. The Transfer Education Vendor must also provide instructions on the steps necessary to transfer if the participant decides a transfer is in his or her best interest at a later date.

All written materials should provide a form that the member can mail, fax or send by e-mail to request a modeling diskette. They must also fully describe the information and support available through the member service line and Internet site described below.

The Transfer Education Vendor will also be responsible for preparing a 10 to 15 minute video that will:

- describe the transfer decision process,
- summarize the important issues and considerations that will most affect members,
- provide a step by step approach to evaluating the effect a transfer would have on the member, and
- give instructions on how to initiate a transfer.

This video shall have companion:

- written materials that include a workbook or worksheets that enable members

- to perform their own personalized transfer calculations, and
- modeling software that enables members to perform their own personalized transfer calculations.

Each respondent's cost proposal should itemize the cost of the video. Any timing and delivery issues should also be addressed.

The Transfer Education Vendor will be required to work with DRS and the Office of the State Actuary (OSA) to jointly develop a computer modeling software program, customized for the State. The Respondent must warrant that all software used for or licensed to DRS and SERS members prior to, during, or after the calendar year 2000 must be Year 2000 compliant. This warranty includes a representation that dates on and after the Year 2000 do not cause computational problems nor do these dates diminish the functionality of the software, including, but not limited to, date data century recognition calculations that accommodate same century and multi-century formulas and date values, Year 2000 leap year calculations, and date data interface values that reflect the century.

The software must enable members to compare the benefits they will receive from each plan based on various assumptions for such factors as:

- contribution level,
- rate of return,
- life expectancy,
- payout method,
- amount of transfer payment, etc.
- current age,
- expected years of additional service,
- anticipated date of initiating defined contribution payment,
- gain sharing*.

*When earnings for the state retirement fund average more than 10 percent over a four-year period, the portion over 10 percent is declared "extraordinary gains." The four-year average is measured, and gain-sharing benefits are paid to eligible Plan 3 members in January of even-numbered years.

Since the amount of the transfer payment, currently set at 65 percent, may change, the software must provide for this variable to be changed by the member. The software must be available in Macintosh and IBM Personal Computer compatible format. The software must be able run on the following platforms:

- Power Macintosh
- Apple SE

- Windows 3.1
- Windows 95 & 98
- Windows NT

This modeling software should be:

- Available on laptop computers used by the Transfer Education Vendor's representatives at in-person educational meetings,
- Sent on diskettes to members who request a copy,
- Available through the Web site the Transfer Education Vendor will provide and maintain during the Transfer Education campaign,
- Provided to DRS for its use in counseling SERS members.

During the TRS Plan 3 Transfer Education process, when 35,731 members were eligible to transfer, the vendor retained to conduct transfer education distributed over 5,000 copies of the software, 60 percent of which were in Macintosh compatible format.

All communication materials prepared by the Transfer Education Vendor, including all instructional materials and computer software programs, must be reviewed and approved by DRS, the State Investment Board, and the Office of the State Actuary prior to use by the Transfer Education Vendor, and will become the property of DRS.

Respondents to this RFP must provide a proposed communication plan that includes a description of the communication materials to be prepared and tailored to DRS's plans and the method in which these materials will be distributed (e.g., payroll stuffers, distributed at group educational meetings, available on the Internet, mailed to employees' homes, etc.). The Transfer Education Vendor will be required to prepare an adequate supply of all materials for both the SERS Plan 2 members and DRS. The Transfer Education Vendor must have adequate supplies to account for turnover in SERS Plan 2 position. The number of employees needing materials may be larger than the 43,734 positions indicated in the "Eligible Population" section. The Transfer Education Vendor will be required to provide DRS with 250 advance copies of all materials and restock that supply as requested by DRS.

The Transfer Education Vendor will also be responsible for fully understanding all terms, conditions and features of both plans. In addition to explaining the transfer decision, the materials must provide a brief overview of the provisions and investment options under the defined contribution feature of SERS Plan 3 and inform members that investment education sessions will be provided by the SERS Plan 3 record keeper beginning in September 2000. Information on the investment

options and other features will be provided by DRS and/or the Plan 3 recordkeeper.

Customized Web Site

DRS is committed to providing members continuous and convenient access to information during the transfer process. The Transfer Education Vendor will be responsible for setting up a State of Washington SERS Transfer Education Web site. In addition to providing general information on the transfer process and helpful information, the Web site must include any Washington state legislative actions affecting SERS, and must be updated weekly with current information regarding the schedule for, and locations of, Transfer Education sessions. It must provide a facility for members to:

- request information packets, including transfer decision modeling diskettes,
- schedule attendance at a group Transfer Education session or an individual counseling session,
- input data into financial modeling software and print output results,
- download materials, including transfer decision worksheets and modeling software.

This Web site must be a unique site for the use of SERS Plan members only. The Web site must also provide links to the Web sites maintained by DRS and the SERS Plan 3 recordkeeper. To review the DRS site go to **<http://www.wa.gov/drs>**.

To review the TRS Plan 3 site maintained by the current record keeper, ICMA Retirement Corporation (ICMA RC), go to **<http://www.icmarc.org/trs3>**. While record keeping services for both TRS Plan 3 and SERS Plan 3 are currently being bid, it is expected that the SERS 3 Plan Web site will be similar to the current site.

The Transfer Education Vendor will be responsible for working with DRS's and the SERS Plan 3 record keeper's Web managers to provide consistent information and presentation.

Respondents to this RFP should present ideas for making this Web site integral to the transfer decision process and describe the kinds of information they have provided on similar Web sites.

Member Transfer Decision Support Telephone Services

The Transfer Education Vendor must also provide in-depth toll-free member telephone service support. This telephone support service must have a messaging capability that will let members who call after regular business hours leave requests for materials or schedule attendance at a group or individual transfer education session.

This service must have a first line of staffing which must be able to provide basic support services such as sending requested materials, answering routine questions, scheduling attendance at educational sessions and setting up individual counseling sessions.

In addition, since there will be a number of members who will not wish to attend a group or individual counseling session and/or who will be unable to use the modeling software or transfer decision worksheets, there must be a second level of telephone support staffing. The representatives providing this second level of staffing must be able to provide all the counseling services that would be provided during a group or individual counseling session, including generating and mailing a comparison estimate to the member upon request. If unavailable to provide such counseling at the time of a phone call, a Transfer Education Vendor's member service representative shall return a participant's call on the next business day, including Saturdays when applicable, as discussed below.

The Transfer Education Vendor shall ensure that the personnel answering the member service line are qualified to provide information on the transfer decision and to discuss investment concepts and retirement planning considerations. The Transfer Education Vendor shall ensure that such information is provided in a manner consistent with any applicable laws and that all personnel who provide such information are properly licensed with all required regulatory agencies, if applicable.

The Transfer Education Vendor shall maintain an adequate number of staff and an adequate number of toll-free telephone lines to provide the required services. Such assistance must have sufficient capacity to respond to inquiries from members without having members encountering undue busy signals or extensive wait times. During the TRS Plan Transfer Education process, which had 35,731 members eligible to transfer, the vendor retained to conduct that transfer education processed over 9,000 phone calls over 12 months, 43 percent of which occurred in the last three months of the transfer window, and the average duration of calls exceeded 20 minutes. This data is provided for background information and is in no way intended as an indication of the number or length of calls that can be expected relative to the SERS Transfer Education process.

The telephone service number must be TDD/TTY capable. The member service representatives must be available to answer participant questions between the hours of 8:00 a.m. Pacific Standard/Daylight Savings Time and 6:00 p.m. Pacific Standard/Daylight Savings Time each business day. During the last portion of the transfer window, this service must be extended to include Saturdays. Participants requesting informational packages must have that information mailed within one (1) business day of the call.

The Transfer Education Vendor must track, identify trends, and respond to participant questions and complaints. Trends in participant questions and complaints must be reported to DRS weekly, along with the identified root cause and proposed strategy to resolve the issue. Any significant individual participant complaints not resolved within three working days must also be brought to DRS's attention.

In-Person Educational Sessions

The Transfer Education Vendor's communication campaign must provide for an adequate number of group meetings and individual educational sessions so that all eligible members are given the opportunity to easily schedule and attend a group educational session and, for those members who wish to obtain more detailed and personalized information, an individual meeting at a convenient location. The schedule for the group meetings must be coordinated with DRS's education programs.

The group meetings must be conducted with groups no larger than 30. Once sufficient attendance-to-enrollment ratio data has been established, overbooking of the group meetings may be allowed. The meetings will be required to be held at different locations and at different times of the day, including Saturdays, and DRS may require that some of the meetings be held in the evening to facilitate the attendance of spouses. Information on the employment locations and an estimate of the number of eligible members at each location can be found in Exhibits E and F.

The Transfer Education Vendor will be required to coordinate with school district and educational service district administrations to schedule appropriate rooms for the group and individual sessions. All sessions must be held in locations that meet the Americans with Disabilities Act (ADA) accessibility criteria, and reasonable accommodations must be made for members and their spouses with disabilities. It is recommended that members be asked if they require any reasonable accommodations for disability when registering for group and individual sessions. The Transfer Education Vendor must also coordinate with organizations representing members, who will assist in notifying members and encouraging attendance at education sessions.

During the TRS Plan 3 Transfer Education process, the vendor retained to conduct that process conducted approximately 700 group educational sessions to over 12,000 members.

DRS expects that approximately 800 group meetings will be necessary to conduct the initial SERS plan transfer education process. However, the proposal of additional meetings will be viewed favorably, although considered in context of the

cost of proposed services. Respondents are invited to provide various levels of meetings with their respective costs under Alternative Services in the Fee Proposal.

The Transfer Education Vendor is responsible for providing an adequate level of qualified staff to coordinate and conduct the required number of meetings. It is expected that a minimum of six appropriately licensed representatives must be located in the State during the period when in-person sessions are being conducted. Although Respondents may propose higher or lower levels of staffing, each lower level of staffing proposed should explain how an adequate number of in-person sessions will be provided, and each higher level should explain how the additional benefits justify the costs.

The Transfer Education Vendor sessions must be conducted by educational personnel qualified to provide information on the transfer considerations. Personnel must be knowledgeable in all aspects of defined benefit and defined contribution plans as well as the basics of investing and retirement planning. In addition to explaining the transfer decision, the Transfer Education Vendor will be responsible for providing a brief overview of the provisions and investment options under the defined contribution portion of Plan 3 and informing members that investment education sessions will be provided by the Plan 3 recordkeeper during the transfer window period beginning September 1, 2000.

The Transfer Education Vendor will also be responsible for ensuring that members understand that they will be required to submit their form electing to participate in SERS Plan 3 to their employer by the close of the transfer window and that their transfer election is irrevocable.

The group meetings must use visual aids and materials to enhance the presentation of materials. The information presented should be appropriate to all educational levels, and alternative sessions or sources of information must be provided for members who are not proficient in English.

Additional In-Person “Refresher” Sessions

While it is anticipated that the initial round of in-person transfer education sessions should be sufficient, there may be a need for “refresher” transfer education sessions. These will be similar to the initial meetings. Respondents should provide the cost for these meetings on an additional “per day” basis in their Fee Proposal.

3. VENDOR QUALIFICATIONS

As of September 1, 1999, Respondents must satisfy *all* of the following mandatory minimum qualifications as outlined below in order to be considered for the contract award.

- A. The Respondent must have provided transfer education services for defined contribution plans.
- B. The Respondent must accept the written contract as supplied by DRS. The Respondent must have the approval of the Respondent's legal representative to the contract format set forth in Exhibit B prior to submittal of a proposal.
- C. Neither the Respondent, or its subcontractors or affiliates or their officers or employees shall have a material conflict with DRS or its consultant, William M. Mercer Investment Consulting, Inc.
- D. The Respondent must agree to provide the minimum transfer education services as detailed in Section 2, Scope of Services, as well as all other requirements as stated in the RFP.
- E. The Respondent will be required to provide DRS with proof of all applicable insurance including, but not limited to, errors and omissions or malpractice insurance.
- F. The Respondent will be required to provide a description of the Respondent's information system infrastructure Year 2000 compliance to DRS and provide updates to this description as may be necessary due to material changes.
- G. The Respondent must have service-center support to meet the communication needs of DRS and participating members.

RESTRICTIONS: Any Respondent which, either as a parent company, subsidiary, or affiliate is currently performing consulting services for DRS may not compete in this procurement. The firm(s) or any subsidiary, affiliate or parent company thereof, selected as a result of this procurement may not compete during the term of the resulting contract, any extensions thereto, in any subsequent DRS procurement, the main purpose of which is to hire a firm or firms for consulting purposes. Companies holding alliance, partnership, or other business affiliations with William M. Mercer Investment Company, the Consultant assisting DRS in the transfer education vendor selection process, will be excluded from eligibility to respond to the transfer education services RFP. Respondents must indicate their understanding and agreement to this by signing the Certification and Assurances statement, which is Exhibit A at the end of this RFP.

4. GENERAL INFORMATION FOR RESPONDENTS

4.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact for this selection action. Throughout the duration of the procurement process, all questions and other communications concerning the procurement are to be directed, in writing, to the contact listed below. **Unauthorized contact regarding the procurement with other DRS staff or its consultant, William M. Mercer Investment Company Inc., after issuance of this RFP will disqualify the Respondent.**

Washington State Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
ATTN: Linda Arnold, RFP Coordinator
Telephone: (360) 664-7263
FAX: (360) 753-5397
E-mail: lindaa@drs.wa.gov

Any questions regarding this RFP must be in writing or by e-mail, and must be received at DRS by 5:00 p.m. Pacific Daylight Time, **August 2, 1999**. The questions received and the answers will be posted on DRS's Web site. The Web site address is **<http://www.wa.gov/DRS/vendors/>**.

4.2 SUBMISSIONS

Submittal of ten (10) copies of the proposal is required. Two copies must have original signatures and eight copies can have photocopied signatures. One of the ten copies must be unbound. The unbound copy must contain original signatures and must be marked "Master Copy."

The ten (10) copies of the proposal shall be received at the following address on, or before, 5:00 p.m. Pacific Daylight Time **August 17, 1999**:

Washington State Department of Retirement Systems
Post Office Box 48380
Tumwater Washington 98504-8380
or street address:
6835 Capitol Blvd
Tumwater Washington 98501
ATTN: Linda Arnold

Respondents mailing proposals should allow normal mail delivery time to ensure timely receipt of their proposals by the RFP Coordinator. **Proposals may not be transmitted using electronic media such as facsimile transmission or electronic mail.** Notwithstanding the provisions of RCW 1.12.070, postmarks will not be considered as date received for the purposes of this RFP. Late proposals will not be accepted, nor will time extensions be granted.

The outside of the proposals packaging is to clearly identify the RFP being

responded to, including the RFP number (99-39).

All proposals and accompanying documentation become the property of DRS and will not be returned.

4.3 PROPOSAL FORMAT

All proposals must be on eight and one-half by eleven (8 ½ x 11) inch paper and placed in binders with tabs separating the major sections of the proposal. The sections shall include:

- 1) Letter of Submittal, including signed Certification and Assurances (Exhibit A at the end of this RFP);
- 2) Executive Summary;
- 3) Responses to Questions;
- 4) Fee Proposal; and
- 5) Any supplemental information the Respondent wishes to include relevant to this RFP.

Responses should be in the order outlined in this RFP.

4.4 SIGNATURES

The Letter of Submittal and the Certifications and Assurances form must be signed and dated by a person authorized to legally bind the Respondent to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship.

4.5 ESTIMATED SCHEDULE OF ACTIVITIES

Event	Date
Issue RFP	July 19, 1999
Proposals due	August 17, 1999
Evaluation Period	August 18 to September 3, 1999
Interviews, if necessary	September 8, 1999
Announcement of apparently successful Respondent(s)	September 10, 1999
Contract negotiations	September 13 to September 27, 1999
Contract for SERS transfer education program begins	On or about October 15, 1999

4.6 FILING REQUIREMENT

Under the provisions of Chapter 39.29 RCW, this personal services contract is required to be filed with the Office of Financial Management (OFM). No contract required to be so filed is effective, and no work thereunder shall be commenced, nor payment made therefor, until ten (10) working days following the date of filing and until approved by OFM. In the event OFM does not approve the contract, the contract shall be null and void.

4.7 FAILURE TO COMPLY

The Respondent is specifically notified that failure to comply with any part of the RFP will result in rejection of the proposal as non-responsive.

4.8 REVISIONS TO THE RFP

DRS reserves the right to revise the RFP and/or to issue addenda to the RFP. DRS also reserves the right to cancel or to reissue the RFP in whole or in part, prior to execution of a contract. In the event it becomes necessary to revise any part of the RFP, addenda will be provided to all those who received the RFP.

4.9 MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION

In accordance with the legislative findings and policies set forth in chapter 39.19 RCW, the state of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (MWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of MWBE participation shall be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis. Any affirmative action requirements set forth in federal regulations or statutes included or referenced in the contract documents will apply.

4.10 SUBMISSION LIMIT

After submission, Respondents will not be allowed to amend the proposal. Responses consisting solely of marketing materials are not acceptable and will be rejected.

4.11 MOST FAVORABLE TERMS

DRS reserves the right to make an award without further discussion of the proposal submitted. (**An exception** is that the RFP Coordinator may contact the Respondent for clarification of a portion of the Respondent's proposal.) There will be no best and final offer process. Therefore, the Respondent should submit the initial proposal on the most favorable terms the Respondent can propose.

4.12 OBLIGATION TO CONTRACT

This RFP does not obligate the State of Washington or DRS to contract for service(s) specified herein.

4.13 COSTS TO PROPOSE

DRS will not be liable for any costs incurred by the Respondent in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any

other activities related to responding to this RFP.

4.14 COMMITMENT OF FUNDS

The Director of DRS or his delegate are the only individuals who may legally commit DRS to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

4.15 INSURANCE COVERAGE

The Respondent must indicate in the letter of submittal and as a condition of contract award, that the Respondent will provide proof of insurance from the Respondent's insurance carrier, showing compliance with the insurance requirements set forth below.

The Company awarded the contract shall, at the Company's own expense, obtain and keep in force insurance coverage which shall be maintained in full force and effect during the term of the contract. The Company shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to DRS within fifteen (15) days of receipt of notice of award.

Liability Insurance

- 1) **Commercial General Liability Insurance:** The Company shall maintain general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance shall be written on ISO occurrence from CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insureds (cross liability) condition.

Additionally, the Company is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

- 2) **Business Auto Policy:** As applicable, the Company shall maintain business automobile liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto." Business auto coverage shall be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.
- 3) **Errors or Omissions or Malpractice insurance** with a limit not less than \$5,000,000.

Employers Liability ("Stop Gap") Insurance

In addition, the Company shall buy employers liability insurance and, if necessary, commercial

umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Additional Provisions

Above insurance policy shall include the following provisions:

- 1) **Additional Insured.** The State of Washington, DRS, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.
- 2) **Cancellation.** State of Washington, DRS, shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accordance with the following specifications. Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The Insurer shall give DRS 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, DRS shall be given ten (10) days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines: DRS shall be given twenty (20) days advance notice of cancellation. If cancellation is due to non-payment of premium, DRS shall be given ten (10) days advance notice of cancellation.
- 3) **Identification.** Policy must reference the DRS's contract number and the agency name.
- 4) **Insurance Carrier Rating.** All insurance and bonds should be issued by companies admitted to do business with the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception shall be reviewed and approved by DRS, or the Risk Manager for the State of Washington, before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with chapter 48.15 RCW and 284-15 WAC.
- 5) **Excess Coverage.** By requiring insurance herein, DRS does not represent that coverage and limits will be adequate to protect the Company, and such coverage and limits shall not limit the Company's liability under the indemnities and reimbursements granted to DRS in this contract.

Workers' Compensation Coverage

The Contractor shall provide or purchase applicable workers' compensation insurance coverage prior to performing work under this contract. DRS will not be responsible for payment of industrial insurance premiums for this Company, or any subcontractor or employee of Company, which might arise under the workers' compensation insurance laws during performance of duties and services under this contract. Should the Company fail to secure workers' compensation insurance coverage or fail to pay premiums on behalf of its employees, DRS may deduct the amount of premiums owing from the amounts payable to the Company under this contract and transmit the same to the appropriate workers' compensation insurance fund.

5. EXECUTIVE SUMMARY

Provide a high level summary of your proposal, highlighting the strengths, experiences, and background

of your Company. The summary should be no more than three pages in length.

6. QUESTIONNAIRE FOR SERS TRANSFER EDUCATION PROGRAM

In providing your Company's responses to the questions below, restate each question in bold face type with your response directly below. Your Company's proposal, and consequently your responses to the following questions, will be incorporated as part of the contract between your Company and DRS. For proposals made as joint ventures, requested information should be provided for all companies that will be a party to the proposed services.

6.1 COMPANY INFORMATION

1. Give the name and address of your Company. Provide the name, title, address, and telephone and fax numbers of the contact person from your Company whom we may contact with questions regarding your response.
2. Your Company must be able to provide all the services and accept all the terms as outlined in this RFP. If your Company can provide substantially all of the services but you require an exception to some specific provision of this RFP, state the reason for the exception and the substitution offered. Alternative proposals, as permitted in this RFP, should be provided under your response to Section 6.10, question 2.
3. Give a brief history of your Company. Supply an audited financial statement for the most recently closed fiscal year.
4. Is your Company a subsidiary or affiliate of another Company? Give full disclosure of all direct or indirect ownership.
5. Describe any pending agreements to merge or sell your Company.
6. Has your Company undergone a change in senior management in the last five years? Describe the change in detail.
7. Is the package of services being quoted provided under a joint venture arrangement? If so, describe the arrangement, its terms and conditions and whether your Company and the other companies have been involved in similar joint ventures in the past.
8. Indicate whether any services will be subcontracted to another Company and fully describe these services and the stability, background, and qualifications of the Company that will provide the services, including that Company's audited financial statements for the last three years.

9. Has your Company ever filed a petition or has your Company been petitioned into bankruptcy or insolvency or has your Company ever made any assignment for the benefit of your creditors? If so, provide complete details.
10. Describe your errors and omissions coverage. Describe the various types of insurance coverage and indemnification provided to protect clients, including:
 - Risks covered
 - Carriers
 - Levels
 - Limits
 - Deductibles
11. Are your systems Year 2000 compliant? If not, when will they be? Confirm that your company warrants that all software either used for, sold to, or licensed to DRS prior to, during, or after the calendar year 2000 shall not experience software abnormality and/or the generation of incorrect results from the software, due to date-oriented processing.

6.2 EXPERIENCE

1. Provide a history of your Company with respect to education and information services for defined contribution and defined benefit plans. What is the size of your Company's education and information business in total dollars? As a percentage of your Company's total business? Provide a statement of your Company's strategic commitment to the public sector defined contribution and defined benefit education line of business and any documentation or evidence to support this commitment.
2. For how many clients does your Company currently provide general defined contribution education services, including investment education and retirement planning? As of 6/30/99 provide the following information:

Plan Size	Number of plans	Average Number of Years Company Has Provided Service	Average Number of Investment Options	Total Assets
Under 500 participants				
500 to 999 participants				
1,000 to				

4,999 participants				
5,000 to 9,999 participants				
10,000 to 25,000 participants				
Above 25,000 participants				
Total				

Defined contribution includes 401(a) defined contribution, 457, 403(b), and 401(k) plans.

3. For how many clients does your Company currently provide general defined benefit education services? Use the same chart above.
4. For how many clients has your Company provided transfer education or similar non-traditional participant education services within the last five years? Provide details on the employer, including number of participants and amount of plan assets. Provide a brief description of the services.
5. Provide five client references most like DRS, including any large public sector plans to which you have provided transfer education or similar non-traditional participant education services. Fully describe the circumstances of your engagement and include the following:
 - Company name
 - Contact name and title
 - Telephone and fax numbers
 - Number of participants
 - Amount of plan assets
 - Length of relationship
 - Whether the relationship specifically involved transfer education services.

6.3 CONTRACTUAL ISSUES

1. Has your Company been involved in litigation in the last five years or is there any pending litigation arising out of your performance or participation in a defined contribution plan? Exclude routine interpleader actions, garnishments, and similar routine matters involving participants and beneficiaries that do not reflect on your performance of your contract. If so, please describe.

2. Has your Company been cited or threatened with citation within the last five years by federal or any state regulators for violations of any state or federal law and impending regulations? If your answer is yes, please describe fully.
3. Has your Company had a contract under which you provide defined contribution educational services terminated by a client for cause within the last five years? If so, by whom and under what circumstances? Provide the name and telephone number of each client that has terminated your Company's services.
4. Has your Company had a contract under which you provide defined contribution educational services non-renewed by a client within the last five years? If so, by whom? Provide the name and telephone number of each client that has non-renewed your Company's services.
5. Is your Company licensed to conduct business in the State of Washington? If not, please attach an opinion of counsel giving his or her opinion as to whether he or she anticipates any difficulties in obtaining all necessary licenses prior to the effective date of the contract. Does delivery of all your services comply with all federal and State of Washington regulations? If not, specify.
6. If applicable, in the past five years, has your Company ever been denied a license to do business, a license as an agent or broker, or any other insurance license? If so, please state the date of the denial, the license denied, the state in which the license was denied, the reason given for denial of the license, whether there has been a bona fide change of ownership or management since your license was denied and whether you have eliminated the cause for which the license was denied.
7. In the past five years, has your Company ever had a license to do business, an agent/broker license or any other insurance license revoked or suspended? Has your Company ever been reprimanded by a licensing agency? If so, please describe fully.

6.4 CLIENT SATISFACTION

1. Describe in detail how your Company proposes to ensure DRS's satisfaction with the transfer education services provided by your Company, including:
 - Formal and informal oral and written communication with DRS
 - Inquiry and problem resolution processes
 - Other: _____
2. What safeguards would you utilize to assure DRS that it is informed of all complaints or unresolved issues regarding the transfer election process? How will you notify DRS of these issues? Describe how staff is trained to handle dissatisfied

members. Note that any significant complaints not resolved within three working days must be brought to DRS's attention.

3. Describe any survey or review mechanisms that your Company has in place to ensure that the representatives are conducting group meetings in a professional manner. How will your Company monitor the performance of contract or temporary representatives?
4. What distinguishes your transfer education services from that of other companies?
5. How will you assure quality service from your subcontracted companies, if used?

6.5 IMPLEMENTATION PLAN

1. Describe in detail your plan to ensure that all materials for the transfer education program are prepared within the timeframe for planning and implementation outlined in the RFP. Provide a detailed work plan and flow chart of activities, responsibilities, and time frames for the implementation activities. Provide an estimate of the type and amount of resources that DRS will need to provide to your Company during the implementation process.
2. How will your Company guarantee that it can meet the implementation time frame outlined in the RFP?
3. Describe how you propose to handle the unique problems associated with conducting a transfer education campaign for the start up of this type of dual hybrid plan. Describe situations in which your Company has provided similar services and any innovative solutions or procedures that were used. Describe the experience and capabilities that your Company will bring to this assignment that will benefit DRS.
4. List the expected members of the implementation team who will work with DRS. Indicate which team members will work only on the initial implementation steps and which will be involved in the actual transfer education process. Which of these team members will be assigned to be in the State of Washington during the implementation period? Which of these team members will be assigned to be in the State of Washington during the transfer education period?

6.6 STAFFING AND SERVICES

1. Describe the overall client-staffing plan that your Company proposes for the delivery of the transfer education services your Company will provide to DRS.

2. Name the person who will have overall, hands on responsibility for delivering the transfer education services. Provide the resume for this individual including his or her qualifications, experience, number of years with your Company and primary work location. Describe the duties and responsibilities that this person will have. Describe the percentage of time this individual will dedicate to DRS's transfer education campaign. If the percentage of time is less than full-time, would your Company consider dedicating such a person full-time? If so, provide the additional costs associated with a full-time account service representative in your Fee Proposal. If not, indicate why a less than fully dedicated position is adequate to handle this transfer education process.
3. Fully describe the professional qualifications and experience of all primary staff who will be directly involved in the oversight or delivery of these transfer education services, including the person or persons who will plan and coordinate all activities associated with the in-person transfer education sessions. Your response should fully describe professional designations (e.g., CFP, CFA, CEBS CLU,) and licenses held (e.g., NASD Series 6, 7, 63, 65) and each team member's roles and responsibilities during the transfer education process and tenure with your Company. In particular, describe their education in retirement plans and financial planning.
4. How many employees are there in your overall defined contribution/defined benefit education unit? Provide the average length of service of these employees and your turnover rate.
5. Will your Company be hiring additional staff for this assignment? Will your Company be using independent contractors or temporary employees? If so,
 - Indicate how many additional staff members, independent contractors and/or temporary employees you will be hiring,
 - provide details on the employment relationship,
 - describe the recruitment and hiring procedures to be used,
 - list the qualifications you will be looking for in these employees, including professional designations and licenses held,
 - indicate what steps you will take to ensure the quality and professionalism of these individuals.
6. Indicate which types of individuals are expected to receive variable compensation (such as commissions, bonuses, or incentive compensation) as the result of services performed under this contract with DRS. If any of these individuals do receive variable compensation, describe these compensation arrangements and what percentage of each type of individual's total pay is expected to be provided under the variable compensation arrangement.

7. Are you proposing a local service location? If so, include a description of the staff to be headquartered there. In addition to the educational personnel, indicate how many, if any, administrative and/or clerical personnel will be located there. Will some or all of the member service telephone support staff be housed in this location? If not, from where will these telephone support services be delivered? Describe how they will interface with staff at the local service location.
8. Describe the services this office will be able to provide over the telephone and to walk-in customers. List the hours the office will be open. Indicate how after-hours telephone calls are handled; will there be an answering machine, will calls roll over directly to a central customer service center?
9. The RFP lists a minimum number of staff and in-person meetings. Your staffing plan should include your proposal of what you believe to be an adequate number of licensed and/or trained representatives who will be able to conduct the necessary number of meetings. If your Company is making an alternate proposal, with either a higher or lower number of either group or individual meetings, indicate why you believe this level is appropriate and the benefits that this number will provide. Details on your Company's alternate proposals should be provided under Section 6.10, question 2.
10. Your staffing plan should include your proposal of what you believe to be an adequate number of licensed and/or trained representatives who will be able to provide the necessary member support telephone services. These services must include assistance in evaluating the implications of the transfer education decision. The number of member support service representatives should be quoted as full time equivalents. Will these representatives be expected to perform any unrelated duties during the transfer education campaign?
11. List the minimum licensing requirements that your in-person educational and member support telephone service representatives will have. Your response should fully describe professional designations (e.g., CFP, CFA, CEBS CLU,) and licenses held (e.g., NASD Series 6, 7, 63, 65). In particular, describe their education in retirement plans and financial planning. What minimum educational requirements do you have? Include a description of your required licensing and education program, including:
 - number of hours of training,
 - training methodology (classroom, on-line, outside classes, etc.),
 - qualifications of instructors,
 - performance requirements for satisfaction of training program.

12. How will your Company handle the training of educational and member service personnel in the State's plan and the issues associated with the transfer decision process?
13. Describe the training that the in-person educational representatives have in making presentations.

6.7 COMMUNICATIONS

1. Fully describe how your Company intends to conduct the transfer election activities requested in this RFP. Provide a detailed communication plan and provide a proposed timetable. Outline the content of both the group and individual educational sessions. Your plan should also enumerate and describe in detail all visual communication materials you will provide and how these materials will be distributed (i.e., payroll stuffers, distributed at group educational meetings, available on the Internet, mailed to employees' homes, etc.). This communication plan should include descriptions of, and the roles played by:
 - the visual aids used during the group and individual educational sessions,
 - the Web site,
 - the modeling software and companion workbook worksheets,
 - the transfer decision videotape, and
 - all other written communication materials, video or alternative communication sources, etc.
2. Provide samples of materials, including publications, audio/visual presentations, and video, that you have used in similar situations, along with a description of how you will customize these materials for DRS. Indicate how your Company ensures that information provided will be complete and impartial. Your approach should educate employees about the differences between the two plans and all aspects of the transfer decision and present all necessary information in an accurate and clear manner and fully disclose all issues, both positive and negative, so that each employee may determine whether he or she should elect to transfer to SERS Plan 3.
3. For each education component (including the Web site, the videotape, the modeling software, as well as print pieces such as brochures, newsletters, statements and administrative forms), itemize the number of design and development hours by category of employee (e.g., graphic designer, communications consultant, writer and programmer). Provide estimates of what percentage of each are internal vs. external resources.
4. What steps will your Company take to ensure the accuracy of the calculations in the modeling software?

5. Describe how you intend to ensure that DRS is involved in the development of these communication materials and that the Office of the State Actuary has adequate time to review and approve the modeling software and other projection related materials that are developed. Describe how you propose to incorporate this input and approval without delaying the development and production of materials and what turnaround and similar requirements you would impose.
6. Describe the transfer education Web site you will provide. What capabilities and features will it have? How will you provide participants the capability to download the modeling software and forms? Indicate what relevant experience your Company has that distinguishes your Internet capabilities from your competitors.
7. Provide the contact name and telephone numbers of three clients for whom your Company has developed a custom Web site. Describe the features of each site and provide sample print screens.
8. Provide the address and necessary access codes or passwords so that DRS can test your Internet transaction capabilities. Indicate the time period for which this access will be available to DRS.

6.8 EDUCATIONAL SERVICES

1. Fully describe how your Company proposes to coordinate and staff the education and member service activities for the transfer education process. Indicate how many representatives will conduct the in-person group and individual educational sessions. It should be noted that travel expenses of these representatives are the responsibility of the Respondent and must be included in the fee that your Company is proposing. How many representatives will provide the telephone support and counseling services?
2. In arranging group transfer education sessions, what is the maximum number of members that you would want to attend a session? Indicate the number of group educational meetings that you propose to have. If this number is less than the required number of meetings communicated in the RFP, explain how this lower number of meetings will ensure that all employees will have an opportunity to learn about and understand the transfer decision. If the numbers are greater, provide a cost/benefit analysis for why you believe an increased number of meetings is necessary. Details on your Company's alternate proposals should be provided under Section 6.10, question 2.

3. Indicate how you propose to coordinate meetings so that all interested members have an opportunity to attend a meeting at a convenient time and location.
4. Describe your Company's ability to present to participants individually, an analysis of the consequences of the participant's election including the modeling of accumulations and benefits under each plan at assumed rates of inflation, salary increases, projected rates of investment return, life expectancies and other factors. Describe these individual sessions, and what communication materials are used. Can individual calculations be made and is a laptop computer or other aid used? How much time do you expect each individual session to last? Can individuals attend more than one session if desired? Provide samples of the materials printed out from your computer modeling software.
5. Describe how your Company will accommodate the need for transfer education sessions to be conducted in one or more languages, other than English.

6.9 MEMBER SUPPORT TELEPHONE SERVICES

1. Describe the toll-free telephone system you will provide. Describe its messaging capabilities. Fully describe what information and requests can be handled by this system, as opposed to speaking to a member service representative.
2. From what location will member support telephone services be provided? What days/hours will member support service representatives be available?
3. What management procedures will you employ to monitor response time and to ensure that the representatives are providing telephone support services in a professional manner? How will your Company monitor the performance of contract or temporary representatives?
4. Describe how your member service staffing level will be adequate to provide the telephone services without causing members to have undue busy signals or excessive wait times. What commitment will you make to DRS regarding response time?
5. What language services other than English will be available? Confirm your ability to provide TDD services.

6.10 ADDITIONAL INFORMATION

1. If the above answers do not sufficiently cover all the pertinent facts which qualify your Company, summarize additional information below.
2. For the services requested, if your Company would like to propose an alternative approach to providing the services than the approach described in the RFP, fully

describe the alternative(s) and indicate how this alternative approach would provide better overall services to Plan members. Provide the fee impact of the use of this alternative approach in your Company's Fee Proposal under Alternative Service Proposals.

7. FEE PROPOSAL

7.1 PROPOSED FEE

DRS intends to enter into an eighteen (18) month contract with the Selected Respondent, with an option to extend the contract up to six (6) months subject to legislative approval. Using this Fee Proposal Format, all Respondents must propose a fixed, flat dollar fee for each alternative level of services for which the Respondent wishes to make a proposal. The Fee Proposal submitted must be a flat dollar and may not exceed the \$750,000 cost maximum that has been allocated to this service. The fee proposed under this contract may not increase during the duration of the contract and must be guaranteed for the entire contract period.

The Respondent's Fee Proposal should take into consideration all requirements described in this RFP. Any deviations, reductions, enhancements, or changes to the services outlined in RFP must be fully disclosed and described in detail.

7.2 PRICING DETAIL

The Respondent must fully detail the services provided for each fixed, flat dollar fee proposal the Respondent is making. Breakdowns of the total fixed, flat dollar fee should be provided for each major activity. The breakdown provided should be as specific as possible. For example, it should:

- a) Itemize the number of meeting hours or days that will be provided, and the number of sessions to be conducted,
- b) Itemize all training and development costs,
- c) List all expected travel and miscellaneous out-of-pocket costs during in-person education sessions (these expenses must be included in the fixed, flat dollar fee and will be the responsibility of the selected Respondent),
- d) Provide descriptions of the materials and the quantities of the various materials to be supplied, and list all production costs and postage (these expenses must be included in the fixed, flat dollar fee and will be the responsibility of the Selected Respondent), and
- e) Describe any other relevant parameters that will enable DRS to make appropriate comparisons of Respondent fee proposals.

Categories of activities may include, but are not limited to:

1. Preparation, including printing, design and mailing, of all written communication materials
2. Preparation of materials in alternate formats such as audiotape, large type, or Braille (if requested by members)
3. Preparation of materials into language(s) other than English (if required by members)
4. Preparation of video
5. Preparation of modeling software
6. Preparation of customized transfer education Web site
7. Set-up, installation and staffing of member transfer decision support telephone services, including phone line charges and installation expenses
8. Conducting group in-person transfer education sessions
9. Conducting individual in-person transfer education sessions
10. Conducting individual telephone education sessions
11. Providing bi-lingual training sessions
12. Coordinating and scheduling all services to be delivered, and interfacing with DRS and various plan service providers, as necessary.

7.3 OPTIONAL SERVICES

Provide the cost per day of additional in-person “refresher” sessions as outlined in the Scope of Services of this RFP.

7.4 ALTERNATIVE SERVICE PROPOSALS

As indicated in the RFP, Respondents are permitted to make proposals for reduced or expanded levels of services; however, at a minimum each Respondent is **required** to provide a fee proposal that includes the required number of meetings specified in the Scope of Services of the RFP. In addition, Respondents may make alternative proposals that use different methods or approaches to the transfer education process. Each alternative should be fully described with complete pricing detail as described above. For each alternative level of services the Respondent should briefly describe the advantages that would result from the alternative level of service.

7.5 RATE GUARANTEE

Indicate if the fee proposal is available for the entire length of the proposed contract as described above. If you are able to offer a longer rate guarantee, please indicate.

7.6 CONDITIONS OR EXCEPTIONS

Describe any conditions or exceptions that your Company must impose. Note that it is not expected that any significant required conditions or exceptions to the services required under the RFP will be accepted.

8. SUPPLEMENTAL INFORMATION

Each Respondent may present any supplemental information that the Respondent deems appropriate. The Respondent may also provide supporting documentation, as necessary, for evaluators to determine relevance and value.

9. EVALUATION AND CONTRACT AWARD

9.1 EVALUATION TEAM

The evaluation of proposals shall be accomplished by an evaluation team, to be designated by DRS, which will determine the proposal most responsive to the requirements stated in this RFP. Proposals will be evaluated strictly in accordance with the requirements set forth in this RFP and any addenda that are issued.

9.2 RESPONSIVENESS

Any proposal that does not adhere to the RFP format as specified may be considered non-responsive and not subject to further evaluation.

9.3 AWARD BASED ON MULTIPLE FACTORS

The evaluation process is designed to award the contract to the Respondent whose proposal best meets the requirements of this RFP. The final selection, if any, will be based on the evaluation committee's recommendation after analysis of the Responses to Questions and the Fee Proposal, and oral presentations, if required.

9.4 EVALUATION WEIGHTING CRITERIA

Responses to the questions in Section 6 will be organized into the following categories and scored by a DRS evaluation team.

<u>Customer Service/Communications</u>	<u>40%</u>
<u>Vendor Experience</u>	<u>30%</u>
<u>Implementation and Staffing Plans</u>	<u>20%</u>
<u>Cost</u>	<u>10%</u>

Total Weighting 100%

9.5 INTERVIEWS CONDUCTED IF NECESSARY

DRS, at its sole discretion, may elect to select the top two or more Respondents for an oral presentation and final determination of contract award. Commitments made by the Respondent at the oral interview, if any, will be considered binding. If interviews are conducted, the final selection will be based on the combined proposal and oral interview. Respondents with whom interviews are conducted will be asked to elaborate on the elements of their proposal.

9.6 NOTIFICATION TO UNSUCCESSFUL RESPONDENTS

Companies whose proposals have not been selected will be notified via FAX at the FAX number provided in their proposal.

9.7 GENERAL TERMS AND CONDITIONS

The apparently successful Respondent will be expected to enter into a contract with DRS which is substantially the same as the sample contract at the end of the RFP in Exhibit B, including DRS's General Terms and Conditions.

While the Respondent is free to propose changes to the Contract Terms and Conditions, the Respondent is not to submit the Respondent's own standard contract terms and conditions as a replacement for those identified in this RFP and Exhibit B. A Respondent's request for substantial modification of the sample contract will be viewed as a non-responsive proposal resulting in disqualification of the Respondent. Determination of what constitutes substantial modification rests solely with DRS.

9.8 DEBRIEFING OF UNSUCCESSFUL RESPONDENTS

Unsuccessful Respondents will be given the opportunity for a debriefing conference. The RFP Coordinator must receive a written request for a debriefing conference within three (3) business days after the Notification of Unsuccessful Respondent letter is faxed to the Respondent. The request may be faxed. The debriefing must be held within three (3) business days of the request. Discussion will be limited to a critique of the requesting Respondent's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

9.9 PROTEST PROCEDURE

This procedure is available to Respondents who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Respondent is allowed three (3) business days to file a protest of the acquisition with the RFP Coordinator.

Respondents protesting this procurement shall follow the procedures described herein. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to Respondents under this procurement.

All protests must be in writing and signed by the protesting party or an authorized Agent. The protest must state the grounds for the protest with specific and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests shall be addressed to the RFP Coordinator.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or DRS policy.

Upon receipt of a protest, DRS will hold a protest review. All available facts will be considered and the DRS Director or his delegate will issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event the protest may affect the interest of another Respondent that submitted a proposal, such Respondent will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold DRS's action; or
- Find only technical or harmless errors in DRS's acquisition process and determine DRS to be in substantially compliance and reject the protest; or
- Find merit in the protest and provide DRS options which may include:
 - Correct the errors and re-evaluate all proposals, and/or
 - Reissue the solicitation document and begin a new process, or,
 - Make other findings and determine other courses of action as appropriate.

If DRS determines that the protest is without merit, DRS will enter into a contract with the Apparently Successful Respondent. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

9.10 PROPRIETARY INFORMATION/PUBLIC DISCLOSURE

All proposals received shall remain confidential until the successful Respondent(s) resulting from this RFP, if any, is announced by DRS's Director or the Director's designee. Thereafter, proposals shall be deemed public records as defined in Chapter 42.17 RCW (the Washington State statute pertaining to accessibility to public records) except as exempted in that chapter. Respondents are advised that the permissible exemptions from public disclosure pursuant to RCW 42.17 are very narrow in scope and strictly construed. In the event that a Respondent desires to claim portions of their proposal as exempt from disclosure under the provisions of the aforementioned RCW, it is incumbent upon that Respondent to clearly identify those portions in a proposal transmittal letter.

The transmittal letter must identify the page and particular exemption(s) from disclosure upon which it is making its claim. Further, each page claimed to be exempt must be clearly identified by the word "CONFIDENTIAL" printed on the lower right-hand corner of the page.

Designating the entire proposal as confidential is not acceptable and will not be honored.

If an official request is made to view a Respondent's proposal, DRS will respond in accordance with RCW 42.17.250 et seq. If any of the specifically requested information is marked as "confidential" in the proposal, such information will not be made available until three (3) business days after the affected Respondent has been given telephone notice that the information has been requested. If within those three (3) business days the affected Respondent has undertaken proceedings to obtain a court order restraining DRS from disclosure of the requested "confidential" information, DRS will not disclose such information until resolution of the court proceeding. Upon failure to make application for judicial relief within the allowed period, the information will be disclosed.

NOTE: The proposal of the successful Respondent(s) will be attached to the resulting contract and incorporated therein by that attachment. Therefore, as part of a public state agency contract, the entirety of the successful Respondent(s)' proposal will be subject to public disclosure regardless of any claim of confidentiality or previously applicable statutory exemption. Nevertheless, should a successful Respondent obtain a court order from a Washington State court of competent jurisdiction prohibiting disclosure of parts of its proposal prior to the execution of the contract incorporating the same, DRS will comply with the court order. The burden is upon a successful Respondent to evaluate and anticipate its need to maintain confidentiality and to proceed accordingly. Timeliness will be of the essence; a delay in execution of the contract to accommodate a petition to the courts will not be allowed.

10. DRS RIGHTS

10.1 PROPOSAL REJECTIONS

Determination of clarity and completeness in the responses to any of the provisions in this RFP will be made solely by the DRS evaluation team. DRS reserves the right to require clarification, additional information, and materials in any form relative to any or all of the provisions or conditions of this RFP.

DRS reserves the right to reject any or all proposals at any time prior to the execution of a contract acceptable to DRS, without any penalty to DRS.

10.2 CONTRACT AWARD

DRS intends to award the contract to the Respondent(s) with the best combination of attributes based on the evaluation criteria listed in Section 9.4 of this RFP. Should DRS fail to enter into a contract with the apparently successful Respondent(s), DRS reserves the right to award a contract to the next most qualified Respondent(s). DRS also reserves the right to contract with more than one Respondent.

10.3 PUBLICITY

No informational pamphlets, notices, press releases, research reports, and/or similar public notices concerning this project may be released by the Apparently Successful Respondent(s) without obtaining prior written approval from DRS.

10.4 WAIVERS

DRS reserves the right to waive specific terms and conditions contained in this RFP. It shall be understood by Respondents that the proposal is predicated upon acceptance of all terms and conditions contained in this RFP unless the Respondent has obtained such a waiver, in writing, from the RFP coordinator prior to submission of the proposal. Any waiver, if granted, will be granted to all Respondents.

10.5 RECORDS RETENTION

After the date of the announcement of the Apparently Successful Respondent(s), DRS will retain one master copy of each proposal received for a period of six years. However, due to limited storage capacity and workspace efficiencies, those copies may be moved from DRS headquarters to the Washington State Records Center in Tumwater, Washington, at the end of six months from the date of announcement of the Apparently Successful Respondent(s). Thereafter, accommodation of any request made pursuant to Chapter 42.17 RCW to examine and/or photocopy proposals submitted in response to this RFP will be necessarily delayed in order to retrieve the requested records. However, DRS will retain, at its headquarters, copies of the proposal(s) from the Apparently Successful Respondent(s) for a period of six years from the execution date of contracts.